

(Washington, DC)— In an effort to protect homebuyers and strengthen the integrity of the home appraisal process, Congresswoman Gwen Moore successfully offered an amendment in the Financial Services Committee today that would require minimum federal standards for employees of appraisal management firms.

Appraisers and appraisal management companies succumbing to lender pressure to improperly inflate the appraised value of a home has been one of the causes of the current mortgage crisis.

Rep. Moore's amendment would require that employees of appraisal management firms who review appraisals are appropriately licensed. The amendment also clarifies that appraisal management firms and employees shall not improperly influence the appraisal process.

"Homebuyers have to be able to trust the appraisers who are working for them," Congresswoman Gwen Moore said. "The crux of our home appraisal system relies on appraisers who are free from influence. This amendment, along with this critical bill, will ensure oversight and enforcement of appraisal management companies."

For many appraisers, the bedrock of their small business is the integrity of their work and their relationship with their clients – the mortgage loan originator. In recent years, pressure by loan originators for appraisers to appraise homes at "target" values that are higher than their actual value have caused that bedrock foundation to crumble, forcing many appraisal companies to choose between their financial gain and their integrity.

The bill being considered by the Committee, H.R. 3837, the Escrow, Appraisal, and Mortgage Services Improvement Act, clearly defines improper appraisal pressure and its penalties. As a result, the bill strengthens the integrity of the appraisal process. By ensuring consumer access to appraisal reports, the consumer gains added confidence that their transactions are based on a fair independent appraisal.

Rep. Moore's amendment to this bill remedies concerns that appraisal Management companies, often affiliates of mortgage originators, are being used to streamline the appraiser selection

process. Increasingly, members of the appraisal industry have expressed concern that they have been pressured by members of these firms, or that their work has been reviewed by unlicensed individuals.

This week, New York State Attorney General Andrew Cuomo announced he is suing the appraisal management firm, eAppraisalT, in a lawsuit that demonstrates how mortgage loan originators – in this case Washington Mutual – often put pressure on appraisal management firms to ensure that inflated, targeted values are met.

“We need to be sure that this bill is iron-clad in restoring appraisal independence and this amendment works to achieve that goal,” Congresswoman Moore said. “There is clear cut evidence that unscrupulous mortgage originators are using appraisal management firms to ensure that targeted, inflated values of homes are met. If we want to protect consumers, this practice must end.”

###